

EXHIBIT 19

Patrick Cates

December 22, 2005

Carson City, NV

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UNITED STATES DISTRICT COURT

DISTRICT OF MASSACHUSETTS

CERTIFIED COPY

IN RE PHARMACEUTICAL INDUSTRY AVERAGE) MDL NO. 1456

WHOLESALE PRICE LITIGATION) CIVIL ACTION:

-----) 01-CV-12257-PBS

THIS DOCUMENT RELATES TO STATE OF)

NEVADA V. ABBOTT LABORATORIES, Et al,)

Case No. 02-CV-00260 (Nevada I) and)

STATE OF NEVADA V. AMERICAN HOME)

PRODUCTS, et al., Case No.)

02-CV-12086-PBS (Nevada II))

DEPOSITION OF PATRICK CATES

Thursday, December 22, 2005

BE IT REMEMBERED that on Thursday, December 22, 2005,
at the hour of 9:10 a.m. of said day, at the offices
of the Attorney General, 198 North Carson Street,
Carson City, Nevada, before me, Lesley A. Clarkson,
certified court reporter, personally appeared PATRICK
CATES, who was by me first duly sworn and was examined
as a witness in said cause.

Henderson Legal Services
(202) 220-4158

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1 Q. And then moving down that row, you see a
2 number 11,057,345. Do you see that number?

3 A. Yes.

4 MS. BRECKENRIDGE: Which line are you on?

5 THE WITNESS: Line 7.

6 MR. LITOW: Line 7, third column.

7 MS. BRECKENRIDGE: I'm sorry.

8 BY MR. LITOW:

9 Q. And it says HCFA 64 quarter end 12/31/99.
10 Do you see that header?

11 A. Yes.

12 Q. What does this number represent, this 11
13 million?

14 A. That should have been actual expenditures
15 for the quarter ending December '99.

16 Q. And then the next number would be
17 expenditures for the quarter ending March 31, 2000;
18 is that correct?

19 A. Yes.

20 Q. I'd like to direct your attention now to
21 the next row, which is 7A, drug rebate. Do you see
22 that?

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1 A. Yes.

2 Q. Does this particular row represent the
3 amount of drug rebates received by the state?

4 A. Yes, that's correct.

5 Q. So since this document is identifying
6 expenditures, money received, and has a parentheses
7 around it; is that correct?

8 A. I'm sorry, would you repeat the question?

9 Q. Some of the numbers in this row are
10 parenthesized. Do you see that?

11 A. Yes.

12 Q. That's to represent a positive accumulation
13 of money funds to the budget?

14 A. Money received in, yeah, it's an offset to
15 expenditures.

16 Q. So starting with the first column,
17 according to this document the state received
18 \$7,727,267 in drug rebates in the fiscal year '99; is
19 that correct?

20 A. That's correct.

21 Q. And \$4,863,879 in the fiscal year 2000; is
22 that correct?

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1 A. That's correct.

2 Q. And then it appears that -- strike that.

3 Are there any other rows on here that
4 relate to prescription drug reimbursement or rebates
5 other than 7 and 7A?

6 MS. BRECKENRIDGE: Objection.

7 THE WITNESS: No, I don't believe so.

8 BY MR. LITOW:

9 Q. How about physicians, do you know what that
10 particular row would refer to?

11 A. It's all payments to physicians.

12 Q. But payments, reimbursement to physicians
13 for physician-administered drugs, do you know whether
14 that would fall in that particular row or the drug
15 row?

16 A. I don't know. I don't know. I would think
17 it would fall under the physicians, but I don't know
18 that for sure. It should. When I think about how we
19 accumulate that, it should include drug payments to
20 physicians.

21 Q. I'm sorry, in which one?

22 A. In physicians.

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1 MS. BRECKENRIDGE: Objection.

2 THE WITNESS: I don't, I see the summary
3 reports for drug rebates. I'm not entirely sure the
4 detail. I know we have the invoices that we send out
5 that do list the drugs, and I believe those are
6 received back with a check in total. Beyond that, I
7 don't know.

8 BY MR. LITOW:

9 Q. How is the rebate money that the state
10 receives allocated?

11 A. How is it allocated?

12 Q. Is it sent to the general Medicaid fund
13 that you described earlier, or is there some other
14 fund, some other budget?

15 A. No, it's put in the Medicaid budget. We
16 have a category in our budget that we call off line.
17 That's where we put anything related to medical
18 expenditures that isn't tied to a specific recipient
19 or claim, and it's shown as a negative, as a
20 reduction to expenditures to offset medical
21 expenditures.

22 Q. So it's put under the general Medicaid

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1 budget; is that correct?

2 A. Yes.

3 Q. And my understanding was that that's the
4 same budget from which funds to pay providers are
5 taken; is that correct?

6 A. That's correct, yes.

7 Q. How about federal matching funds, how are
8 they allocated? Are they sent into the same general
9 Medicaid budget when they are received, or is there
10 some other --

11 A. They go into the same budget, yes.

12 Q. Has that always been the case, to your
13 knowledge?

14 A. To my knowledge, yes.

15 MR. LITOW: If we could take about a five-
16 minute break at this point.

17 (Recess taken.)

18 MR. LITOW: Back on the record.

19 BY MR. LITOW:

20 Q. Mr. Cates, I believe you testified earlier
21 that Doug Perry had done some work with Miss Lawrence
22 regarding the state plan amendment, changing the